



State of California

# Employment Training Panel

*Arnold Schwarzenegger, Governor*

January 30, 2010

Al Parker, Director of Quality  
The Boeing Company (Boeing)  
2401 East Wardlow Road, MC C054-0069  
Huntington Beach, CA 92647-2048

Dear Mr. Parker:

**RE: ADDENDUM TO THE FINAL MONITORING REPORT**

Agreement Name: **THE BOEING COMPANY**  
Agreement Number: **ET07-0290**  
Term of Agreement: **02/06/07 – 02/05/09**  
Agreement Amount: **\$378,000**

This is an addendum to the Final Monitoring Report issued on May 21, 2009. At the final visit, ETP issued a final report disallowing all of the training hours your company had provided and entered in the ETP Online System. The disallowance was due to your staff's inability to provide the reports and documentation requested by Margarita M. Paccereilli, ETP Contract Analyst, at the final monitoring visit.

Under this Agreement, training was documented via the Boeing Learning Management System (BLMS) which was approved by ETP in lieu of a paper roster at the start of this Agreement. However, when the final monitoring visit was scheduled, Ms. Paccereilli was informed that the BLMS had been replaced by a new system, Learning, Training & Development (LTD) System. She was assured that the new LTD system can generate all the reports that were retrieved from the BLMS.

During the final monitoring visit conducted at your facility, Ms. Paccereilli requested training reports from your LTD system. Reports were provided and Ms. Paccereilli was able to validate the training hours completed by each trainee. However, when she requested for additional reports to show training location, trainer's name, and class roster to verify the trainer-to-trainee ratio, your staff was unable to provide those reports.

The Agreement Terms & Conditions, Item 5 (a.1.) states that Contractor shall ensure that ETP or its representative, including the Bureau of State Audits, has the right during normal business hours to (1) examine, reproduce, monitor and audit all other records, books, papers, documents or other evidence directly related to the performance of this Agreement by the Contractor, including any subcontract. It further stated that records must be retained within the control of the primary Contractor and be available for review at the Contractor's place of business within the State of California. This right will terminate no sooner than four (4) years from the date of termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or three (3) years from the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

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Given the fact that Ms. Paccereilli had previously reviewed and validated some training hours based on a sampling of your records from the old BLMS system, ETP allowed 50% reimbursement of the total training hours completed by your company.

After the final report was issued, James Henderson, Boeing's Director of GMS Quality Processes, Employee Involvement & Lean Global Mobility Systems, had a discussion with Ms. Paccereilli. He stated that the ETP staff who was overseeing this Agreement have limited access to the new LTD system. You both discussed the missing information required by ETP.

With the assistance of James Gallagher of Boeing's Learning, Training & Development, a report was provided to Ms. Paccereilli. Due to the volume of records, she only requested reports of 17 randomly-selected trainees who participated in this Agreement. The report listed the trainee's names, specific course number, training date, roster of trainees who attended a class, and the trainer's names. The records reviewed contain all the information required by ETP to justify the provision of training.

Based on the information provided, ETP will allow 100% reimbursement of the total reimbursable hours in this Agreement. It should be noted that the above findings are based only on the training records reviewed for the purpose of this addendum and represent a sample of the training record completed to date. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

### **AUDIT**

You will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

If you have any questions or comments regarding this report, please contact Margarita Paccereilli at (818) 755-1317 or by email at [mpaccereilli@etp.ca.gov](mailto:mpaccereilli@etp.ca.gov) within ten (10) working days from the receipt of this report.

Sincerely,

*Signature on file*

Wally Aguilar, Program Manager  
North Hollywood Regional Office

*Signature on file*

Margarita M. Paccerelli, Contract Analyst  
North Hollywood Regional Office

cc: James Henderson, The Boeing Company (via email)  
David Guzman, Chief, Audits & Program Operations Division (via email)  
Kulbir Mayall, Fiscal Manager (via email)  
Electronic Master File  
Project File

Date report mailed to Contractor: 2/9/10